

Energy Research Services, Inc.

February 19, 2004

Commissioner James H. Welsh
Office of Conservation
PO Box 94275
Baton Rouge, LA 70804-9275
Attention: Mr. Tod Keating

Re: Request for Commingling Authority
Hilcorp Energy Company
Paradis Field
St Charles Parish, Louisiana

Dear Commissioner Welsh,

On behalf of Hilcorp Energy Company (Hilcorp), application is being made, pursuant to Statewide Order 29-D-1, for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order approving the commingling of hydrocarbons previously approved for production from the Paradis Commingling Facility No. 6 (930510) into the Paradis Commingling Facility No. 3 (930640) by means of well test. The subject facilities are located in the Paradis Field, St Charles Parish, Louisiana. The methods of measurement and allocation previously approved at Commingling Facility No. 3 will remain the same. The Paradis Commingling Facility No. 6 no longer exists.

The method of measurement and allocation of production which Hilcorp Energy Company is proposing is explained in the attached description of operations and schematic flow diagram for Commingling Facility No. 3. As indicated, the production will be allocated by monthly well test, using methods other than gauge tanks.

After review of the commingling records on file at the Office of Conservation it appears that the following authority currently exists for commingling:

Paradis CF No. 3 (930640)

Order: 37-34

Product: Hydrocarbons

Units/leases: See attached order

Method: Well test

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Paradis CF No. 6 (930510)

Order: 29-D-65 and 37-O-11

Product: Hydrocarbons

Units/leases: 9000 RF SUA

Lwr 9000 RE SUA

10000 RC SUA

10100 RB SUA

PZ SU 261

PZ SU 260

U 9000 RE SUA

Sunset Realty & Planting Co.

Paradis SUG

PZ SU 265

10000 RC SUB

VUB

U 9000 RA SUA

Method: Meters

Attached are copies of the following:

- Schematic flow diagrams
- Description of operations
- List of interested owners, interested parties, and represented parties
- Hearing fee of \$755.00

The applicable authority will be covered pursuant to Title 43, Part XIX, Subpart 6, Statewide Order No. 29-D-1. 1505.2 (Well Test). The allocation meters will be tested and proven monthly for liquid hydrocarbon meters and quarterly for gaseous hydrocarbon meters.

In Hilcorp's opinion, this authorization will promote conservation of the natural resources within the State of Louisiana, will prevent waste, will protect the rights of all parties at interest and will result in substantial economic savings without results that may be in any way inconsistent with conservation policies, statutes or regulations of the State of Louisiana. Further, in the opinion of the applicant, the commingling procedure proposed will provide reasonable, accurate measurement, will not create inequities and will insure that the owner of any interest will have the opportunity to recover his just and equitable share of the reservoir content. Hilcorp requests that this matter be set for hearing at the earliest possible time and date.

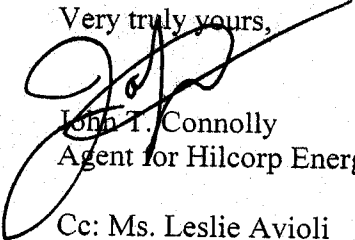
Hilcorp also requests emergency commingling authority for a period of 90 days.

A copy of this application and attachments, except the check, is being sent to Mr. Richard D. Hudson, District Manager, Office of Conservation, Lafayette, Louisiana. The Legal Notice will be mailed to each Interested Owner, Represented Parties, and Interested Parties having an interest in the various leases and units.

All inquiries concerning this proposal should be directed to Mr. John T. Connolly, Agent for Hilcorp Energy Company, 19345 Point O Wood Court, Baton Rouge, Louisiana 70809.

Should you have any questions, please call or email me at 753-4723 / ersses@cox.net.

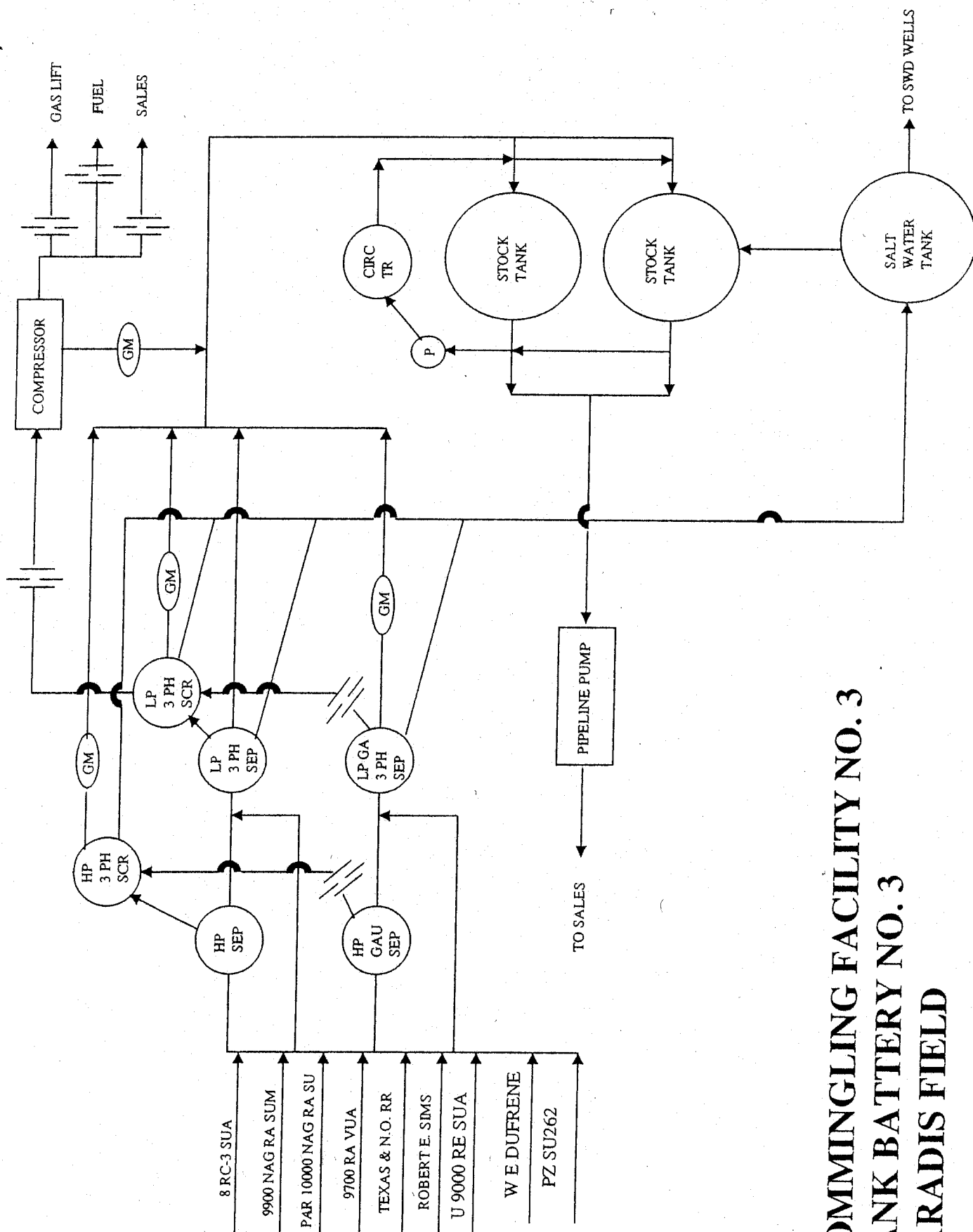
Very truly yours,



John T. Connolly
Agent for Hilcorp Energy Company

Cc: Ms. Leslie Avioli
Mr. Michael Schoch
Hilcorp Energy Company

Mr. Richard Hudson
District Manager
Office of Conservation
825 Kaliste Saloom Road
Brandywine III, Suite 220
Lafayette, Louisiana 70508



COMMINGLING FACILITY NO. 3 TANK BATTERY NO. 3 PARADIS FIELD